

Assignment

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Submission date: 27-Nov-2024 08:29PM (UTC+0300)

Submission ID: 2534095464

File name: userfile (22.71K)

Word count: 529

Character count: 3291

Funding in Source Healthcare Facilities

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Funding in Source Healthcare Facilities

Current funding sources for healthcare facilities include hospitals, outpatient centres, and freestanding surgical centres. The primary funding sources include ¹ the Patient Protection and Affordable Care Act (PPACA), commercial insurance, and traditional Medicare. Each source has its characteristics that influence business and planning in healthcare organizations.

A Comparison of Approval

The PPACA contained changes to increase the availability of healthcare and reduce its price. It's based on government subsidies and insurance coverage mandates that helped many facilities to attract more patients. Nevertheless, organizations encounter difficulties in adhering to quality and efficiency standards required for reimbursement.

On the other hand, commercial insurance is not like health insurance and works through entering into agreements with health care facilities. As it has been established, these contracts generate higher revenues than Medicare, but they have some disadvantages, including pre-authorization, claim denial, etc (Sehgal and Sangita, 2024). These factors make it necessary for any healthcare facility to spend a lot of money to ensure they can manage the payer relations well.

On the other hand, traditional Medicare, with significant involvement from people above the age of sixty-five and those with disability, has a fixed payment cost. While below the insurance payment to commercial providers, Medicare's fee-for-service payment method guarantees a steady source of income (Opanga et al., 2024). However, its lack of compatibility with value-based care systems may necessarily reduce the chances of increased innovations and efficiency.

Strategic management implication

That is, the variation in the funding types plays a significant role in determining a facility's strategic direction. Such programs tend to focus on plans mandated by PPACA to focus on

population health and disease prevention to satisfy program requirements. Most facilities depend on commercial insurance, so they need to develop essential technologies and competitive services to draw patients. On the other hand, many centres rely on Medicare and other forms of health insurance (Derese et al., 2024). When these providers cut down on reimbursement rates, organizations receiving such grants strap themselves and begin implementing strict cost containment measures to remain financially sustainable.

Conclusion

It extends to the fact that healthcare organizations need to direct funding in a way that achieves both the financial viability of healthcare organizations and the needs of patients. Hence, organizations can manage the challenges involved in the contemporary approaches to financing healthcare by embracing data analytics and agile management approaches.

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